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TOWNSHIP OF COLDSPRINGS ✓
Kalkaska County, Michigan

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

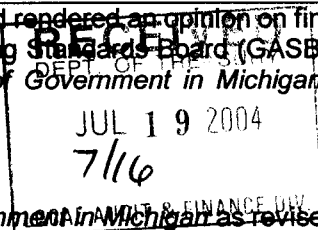
Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Coldsprings	County Kalkaska
Audit Date March 31, 2004	Opinion Date June 8, 2004	Date Accountant Report Submitted to State: June 8, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

June 8, 2004

To the Township Board
Township of Coldsprings
Kalkaska County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Coldsprings, Kalkaska County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Coldsprings' management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Coldsprings, Kalkaska County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Coldsprings, Kalkaska County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Group</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	<u>General Fixed Assets</u>
<u>Assets</u>				
Cash in bank	271 732 96	141 912 96	567 60	-
Taxes receivable	15 909 45	7 839 24	-	-
Special assessment receivable	-	126 00	-	-
Due from other funds	567 60	-	-	-
Land and improvements	-	-	-	70 000 00
Buildings	-	-	-	342 412 23
Equipment	-	-	-	47 814 97
Total Assets	<u>288 210 01</u>	<u>149 878 20</u>	<u>567 60</u>	<u>460 227 20</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	-	-	567 60	-
Deferred revenue	<u>10 414 91</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10 414 91</u>	<u>-</u>	<u>567 60</u>	<u>-</u>
Fund balances:				
Investment in general fixed assets	-	-	-	460 227 20
Unreserved:				
Undesignated	<u>277 795 10</u>	<u>149 878 20</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>277 795 10</u>	<u>149 878 20</u>	<u>-</u>	<u>460 227 20</u>
Total Liabilities and Fund Balances	<u>288 210 01</u>	<u>149 878 20</u>	<u>567 60</u>	<u>460 227 20</u>

The accompanying notes are an integral part of these financial statements.

-
-
-
-
-
Total
(Memorandum
Only)
-

414 213 52

23 748 69

126 00

567 60

70 000 00

342 412 23

47 814 97

-
898 883 01

-
567 60

-
10 414 91

10 982 51

-
460 227 20

-
427 673 30

-
887 900 50

-
898 883 01

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 1

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Revenues:			
Property taxes	140 292 51	69 002 63	209 295 14
State revenue sharing	99 868 00	-	99 868 00
Charges for services:			
PTAF	15 789 46	-	15 789 46
Other	10 216 57	-	10 216 57
Interest	3 691 10	1 185 46	4 876 56
Special assessments	-	1 386 00	1 386 00
Miscellaneous	6 808 23	-	6 808 23
Total revenues	<u>276 665 87</u>	<u>71 574 09</u>	<u>348 239 96</u>
Expenditures:			
Legislative:			
Township Board	26 242 91	-	26 242 91
General government:			
Supervisor	7 561 61	-	7 561 61
Elections	54 00	-	54 00
Assessor	13 137 74	-	13 137 74
Clerk	15 386 43	-	15 386 43
Board of Review	849 76	-	849 76
Treasurer	19 867 07	-	19 867 07
Building and grounds	11 946 91	-	11 946 91
Cemetery	171 18	-	171 18
Public safety:			
Police protection	10 128 00	-	10 128 00
Fire protection	90 423 33	-	90 423 33
Public works:			
Highways and streets	2 388 86	1 361 25	3 750 11
Sanitation	-	60 000 00	60 000 00
Recreation and culture:			
Parks and recreation	175 00	-	175 00
Total expenditures	<u>198 332 80</u>	<u>61 361 25</u>	<u>259 694 05</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

EXHIBIT B
Page 2

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Excess (deficiency) of revenues over expenditures	<u>78 333 07</u>	<u>10 212 84</u>	<u>88 545 91</u>
Other financing sources (uses):			
Operating transfers in	272 00	20 000 00	20 272 00
Operating transfers out	<u>(20 000 00)</u>	<u>(272 00)</u>	<u>(20 272 00)</u>
Total other financing sources (uses)	<u>(19 728 00)</u>	<u>19 728 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	58 605 07	29 940 84	88 545 91
Fund balances, April 1	<u>219 190 03</u>	<u>119 937 36</u>	<u>339 127 39</u>
Fund Balances, March 31	<u>277 795 10</u>	<u>149 878 20</u>	<u>427 673 30</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	138 410 00	140 292 51	1 882 51
State revenue sharing	99 868 00	99 868 00	-
Charges for services:			
PTAF	18 560 00	15 789 46	(2 770 54)
Other	11 217 00	10 216 57	(1 000 43)
Interest	6 100 00	3 691 10	(2 408 90)
Special assessments	-	-	-
Miscellaneous	<u>11 865 00</u>	<u>6 808 23</u>	<u>(5 056 77)</u>
Total revenues	<u>286 020 00</u>	<u>276 665 87</u>	<u>(9 354 13)</u>
Expenditures:			
Legislative:			
Township Board	38 955 00	26 242 91	(12 712 09)
General government:			
Supervisor	7 819 76	7 561 61	(258 15)
Elections	7 800 00	54 00	(7 746 00)
Assessor	13 160 51	13 137 74	(22 77)
Clerk	17 242 72	15 386 43	(1 856 29)
Board of Review	1 280 00	849 76	(430 24)
Treasurer	20 046 86	19 867 07	(179 79)
Building and grounds	21 700 00	11 946 91	(9 753 09)
Cemetery	2 000 00	171 18	(1 828 82)
Public safety:			
Police protection	10 128 00	10 128 00	-
Fire protection	90 500 00	90 423 33	(76 67)
Public works:			
Highways and streets	4 200 00	2 388 86	(1 811 14)
Sanitation	-	-	-
Recreation and culture:			
Parks and recreation	4 200 00	175 00	(4 025 00)
Other functions:			
Contingency	<u>18 540 00</u>	<u>-</u>	<u>(18 540 00)</u>
Total expenditures	<u>257 572 85</u>	<u>198 332 80</u>	<u>(59 240 05)</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
67 784 00	69 002 63	1 218 63
-	-	-
-	-	-
-	-	-
2 200 00	1 185 46	(1 014 54)
1 386 00	1 386 00	-
-	-	-
<u>71 370 00</u>	<u>71 574 09</u>	<u>204 09</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1 386 00	1 361 25	(24 75)
62 000 00	60 000 00	(2 000 00)
-	-	-
-	-	-
<u>63 386 00</u>	<u>61 361 25</u>	<u>(2 024 75)</u>

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Excess (deficiency) of revenues over expenditures	<u>28 447 15</u>	<u>78 333 07</u>	<u>49 885 92</u>
Other financing sources (uses):			
Operating transfers in	200 00	272 00	72 00
Operating transfers out	<u>(20 000 00)</u>	<u>(20 000 00)</u>	<u>-</u>
Total other financing sources (uses)	<u>(19 800 00)</u>	<u>(19 728 00)</u>	<u>72 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	8 647 15	58 605 07	49 957 92
Fund balances, April 1	<u>-</u>	<u>219 190 03</u>	<u>219 190 03</u>
Fund Balances, March 31	<u>8 647 15</u>	<u>277 795 10</u>	<u>269 147 95</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>7 984 00</u>	<u>10 212 84</u>	<u>2 228 84</u>
20 000 00	20 000 00	-
<u>(600 00)</u>	<u>(272 00)</u>	<u>328 00</u>
<u>19 400 00</u>	<u>19 728 00</u>	<u>328 00</u>
27 384 00	29 940 84	2 556 84
<u>-</u>	<u>119 937 36</u>	<u>119 937 36</u>
<u>27 384 00</u>	<u>149 878 20</u>	<u>122 494 20</u>

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Coldsprings, Kalkaska County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Coldsprings. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Joint Venture

The Township of Coldsprings and the Township of Excelsior have formed the Coldsprings-Excelsior Volunteer Fire and Rescue Department. The Fire Department operates as a separate entity. For the year ended March 31, 2004, the Township paid \$90,423.33 to the Fire Department. Financial statements of the Fire Department may be obtained from them.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Account Group

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 3.7953 mills and the taxable value was \$55,130,054.00.

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fixed Assets and Depreciation

Purchases of general fixed assets for all funds are recorded as expenditures in the respective funds at the time of purchase. Such assets are capitalized at cost in the general fixed assets group of accounts except for certain improvements other than buildings including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Gifts or contributions are recorded in the general fixed assets at fair market value at the time received. No depreciation has been provided on the general fixed assets.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amounts would be immaterial.

Inventories

Operating supplies for all funds are recorded as an expenditure when acquired. Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

The Township Board has designated four banks for the deposit of Township funds. The investment policy adopted by the council in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>414 213 52</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	207 935 84
Uninsured and Uncollateralized	<u>225 106 37</u>
Total Deposits	<u>433 042 21</u>

The Township of Coldsprings did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	70 000 00	-	-	70 000 00
Buildings	342 412 23	-	-	342 412 23
Equipment	<u>47 814 97</u>	<u>-</u>	<u>-</u>	<u>47 814 97</u>
Totals	<u>460 227 20</u>	<u>-</u>	<u>-</u>	<u>460 227 20</u>

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 4 – Interfund Transfers

The amount of interfund transfers are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Building	5 000 00	General	5 000 00
Improvement	15 000 00	General	15 000 00
General	<u>272 00</u>	Punch and Judy	<u>272 00</u>
Total	<u>20 272 00</u>	Total	<u>20 272 00</u>

Note 5 – Interfund Receivables and Payables

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>567 60</u>	Current Tax Collection	<u>567 60</u>
Total	<u>567 60</u>	Total	<u>567 60</u>

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Pension Plan

The Township has a defined contribution pension plan which covers substantially all employees. The Township's contributions during the year ended March 31, 2004, were \$2,504.35.

Note 8 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 9 – Building Permits

The Township does not issue building permits. Building permits are issued by the County of Kalkaska.

Note 10 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 1

Township Board:	
Wages	4 235 00
Audit	2 200 00
Payroll taxes	1 316 22
Dues	980 57
Supplies	3 017 41
Printing and publishing	977 18
Pension	2 504 35
Legal fees	3 689 02
Insurance	4 592 00
Miscellaneous	2 731 16
	<u>26 242 91</u>
Supervisor:	
Wages	7 151 76
Supplies	243 69
Travel	146 16
Miscellaneous	20 00
	<u>7 561 61</u>
Elections:	
Miscellaneous	54 00
	<u>54 00</u>
Assessor:	
Contracted services	10 749 96
Miscellaneous	2 387 78
	<u>13 137 74</u>
Clerk:	
Wages	11 052 72
Deputy wages	450 00
Supplies	3 182 27
Travel	481 44
Miscellaneous	220 00
	<u>15 386 43</u>
Board of Review:	
Wages	463 05
Miscellaneous	386 71
	<u>849 76</u>
Treasurer:	
Wages	10 250 88
Deputy wages	500 04
Supplies	7 383 19
Travel	1 587 96
Miscellaneous	145 00
	<u>19 867 07</u>

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Building and grounds:	
Contracted services	5 195 02
Utilities	3 309 67
Supplies	1 268 67
Repairs and maintenance	1 290 62
Miscellaneous	882 93
	<u>11 946 91</u>
Cemetery:	
Miscellaneous	171 18
	<u>171 18</u>
Police protection:	
Contracted services	10 128 00
	<u>10 128 00</u>
Fire protection:	
Contracted services	90 423 33
	<u>90 423 33</u>
Highways and streets:	
Contracted services	2 388 86
	<u>2 388 86</u>
Parks and recreation:	
Supplies	175 00
	<u>175 00</u>
Total Expenditures	<u>198 332 80</u>

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS

EXHIBIT E

March 31, 2004

	P & J Assessment Fund	Refuse Fund	Improvement Fund	Building Fund
<u>Assets</u>				
Cash in bank	35 75	50 942 57	83 620 56	7 314 08
Taxes receivable	-	7 839 24	-	-
Special assessment receivable	<u>126 00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>161 75</u></u>	<u><u>58 781 81</u></u>	<u><u>83 620 56</u></u>	<u><u>7 314 08</u></u>
<u>Liabilities and Fund Balances</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved:				
Undesignated	<u>161 75</u>	<u>58 781 81</u>	<u>83 620 56</u>	<u>7 314 08</u>
Total fund balances	<u><u>161 75</u></u>	<u><u>58 781 81</u></u>	<u><u>83 620 56</u></u>	<u><u>7 314 08</u></u>
Total Liabilities and Fund Balances	<u><u>161 75</u></u>	<u><u>58 781 81</u></u>	<u><u>83 620 56</u></u>	<u><u>7 314 08</u></u>

Total

141 912 96
7 839 24
126 00

149 878 20

-

149 878 20
149 878 20

149 878 20

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS EXHIBIT F
March 31, 2004

	<u>P & J Assessment Fund</u>	<u>Refuse Fund</u>	<u>Improvement Fund</u>	<u>Building Fund</u>
Revenues:				
Property taxes	-	69 002 63	-	-
Interest	-	-	1 159 03	26 43
Special assessments	<u>1 386 00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1 386 00</u>	<u>69 002 63</u>	<u>1 159 03</u>	<u>26 43</u>
Expenditures:				
Public works:				
Highways and streets:				
Contracted services	1 361 25	-	-	-
Sanitation:				
Contracted services	<u>-</u>	<u>60 000 00</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1 361 25</u>	<u>60 000 00</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>24 75</u>	<u>9 002 63</u>	<u>1 159 03</u>	<u>26 43</u>
Other financing sources (uses):				
Operating transfers in	-	-	15 000 00	5 000 00
Operating transfers out	<u>(272 00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(272 00)</u>	<u>-</u>	<u>15 000 00</u>	<u>5 000 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(247 25)	9 002 63	16 159 03	5 026 43
Fund balances, April 1	<u>409 00</u>	<u>49 779 18</u>	<u>67 461 53</u>	<u>2 287 65</u>
Fund Balances, March 31	<u>161 75</u>	<u>58 781 81</u>	<u>83 620 56</u>	<u>7 314 08</u>

Total

69 002 63

1 185 46

1 386 00

71 574 09

1 361 25

60 000 00

61 361 25

10 212 84

20 000 00

(272 00)

19 728 00

29 940 84

119 937 36

149 878 20

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT G

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
<u>Assets</u>				
Cash in bank	1 305 91	1 759 841 62	1 760 579 93	567 60
Total Assets	<u>1 305 91</u>	<u>1 759 841 62</u>	<u>1 760 579 93</u>	<u>567 60</u>
<u>Liabilities</u>				
Due to other funds	1 305 91	202 987 54	203 725 85	567 60
Due to other units	-	1 556 854 08	1 556 854 08	-
Total Liabilities	<u>1 305 91</u>	<u>1 759 841 62</u>	<u>1 760 579 93</u>	<u>567 60</u>

TOWNSHIP OF COLDSPRINGS
Kalkaska County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT H

Cash in bank – beginning of year	<u>1 305 91</u>
Cash receipts:	
Property tax	1 759 274 02
Interest	<u>567 60</u>
Total cash receipts	<u>1 759 841 62</u>
Total beginning balance and cash receipts	<u>1 761 147 53</u>
Cash disbursements:	
Township General Fund	142 656 88
Township Refuse Fund	61 068 97
Kalkaska County	572 391 51
Kalkaska Public Transportation	12 036 64
Kalkaska Mental Health Center	83 036 49
T.B.A. ISD	151 626 57
Kalkaska PS	448 421 25
Mancelona PS	283 805 73
Refunds	<u>5 535 89</u>
Total cash disbursements	<u>1 760 579 93</u>
Cash in Bank – End of Year	<u><u>567 60</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

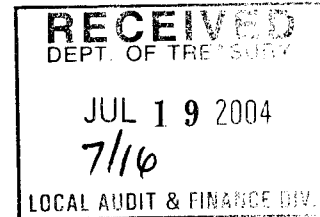
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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 8, 2004

To the Township Board
Township of Coldsprings
Kalkaska County, Michigan



We have audited the financial statements of the Township of Coldsprings, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Coldsprings in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Coldsprings
Kalkaska County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Coldsprings
Kalkaska County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Coldsprings will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants